

Ad hoc announcement pursuant to art. 53 SIX Swiss Exchange Listing Rules

MEDIA RELEASE

Sandoz reports first quarter 2024 sales

- Strong first quarter performance, with net sales¹ of USD 2.5 billion, up 6% in constant currencies (up 5% in USD)
- Biosimilar business growing 21% in constant currencies
- All regions contributing to growth
- Acquisition of CIMERLI® (ranibizumab-eqrn) completed in March 2024

Basel, May 7, 2024 – Sandoz (SIX:SDZ/OTCQX:SDZNY), the global leader in generic and biosimilar medicines, today announced net sales for the first quarter 2024. Net sales were USD 2.5 billion, an increase of 6% in constant currencies compared to the same quarter of the prior year. Biosimilars saw another quarter of double-digit net sales growth, an increase of 21% in constant currencies. Generics sales remained in line with prior year levels.

Richard Saynor, Chief Executive Officer of Sandoz, said: “We saw a strong start to the year as we report our 10th consecutive quarter of topline growth. The momentum in our business continues as demonstrated by double-digit growth in biosimilars and a positive contribution by all regions.”

Mr. Saynor continued: “Biosimilars are a key element of performance, driven by strong results in our existing portfolio, demand for our recently launched product Hyrimoz® (adalimumab-adaz) in the US and the recent acquisition of CIMERLI® (ranibizumab-eqrn), which closed in early March. Generics remained in line with the strong prior year sales. Looking forward, we are confident in our ability to continue to grow our top line and meet our full-year net sales guidance of mid-single digits in constant currencies.”

¹ Net sales in this document refer systematically to net sales to third parties.

FIRST QUARTER NET SALES RESULTS

Net sales for the first quarter were USD 2.5 billion, up 6% in constant currencies, compared to the first quarter of 2023. Volume contributed 10 percentage points of growth, partially offset by price erosion of 4 percentage points. Biosimilars were a key driver of growth in the quarter, while generics remained in line with the strong prior year sales.

Net sales by business

USD millions unless indicated otherwise	Three months ended March 31		Change %	
	2024	2023	USD	cc*
Generics	1 869	1 868	0	1
Biosimilars	623	516	21	21
Net sales to third parties	2 492	2 384	5	6

*Constant currencies

Generics overview

Net sales for the first quarter were USD 1.9 billion, up 1% in constant currencies, compared to the first quarter of 2023. Solid volume demand was partly offset by the impact from the withdrawal of apixaban in the Netherlands following a court decision in August 2023, an exceptional cough and cold season in the first half of 2023 and the timing of new launches in the US.

Biosimilars overview

Net sales for the first quarter were USD 623 million, up 21% in constant currencies, compared to the first quarter of 2023. This strong double-digit biosimilar growth reflects the ongoing launch of Hyrimoz[®] high-concentration formulation, the acquisition of CIMERLI[®] as well as continued strong demand for our first-ever biosimilar, Omnitrope[®].

Net sales by region

USD millions unless indicated otherwise	Three months ended March 31		Change %	
	2024	2023	USD	cc
Europe	1 326	1 270	4	2
North America	524	496	6	6
International	642	618	4	12
Net sales to third parties	2 492	2 384	5	6

Europe overview

Net sales for the first quarter were USD 1.3 billion, up 2% in constant currencies, compared to the first quarter of 2023. Generic volume growth remained positive despite a strong prior year comparison from peak sales of apixaban and an exceptional cough and cold season. Biosimilars showed strong sales growth, led by demand for Omnitrope[®] and contribution from the recent launch of Tyruko[®] (natalizumab) in several key countries.

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North America overview

Net sales for the first quarter were USD 524 million, up 6% in constant currencies, compared to the first quarter of 2023. Growth was driven by the ongoing launch of Hyrimoz[®] in the US, continued demand for Omnitrope[®], the acquisition of CIMERLI[®] which closed in early March, and the transfer of mature brands from our former parent in the fourth quarter of 2023. This was partly offset by a decline in generics sales due to the timing of new launches in the US.

International overview

Net sales for the first quarter were USD 642 million, up 12% in constant currencies, compared to the first quarter of 2023. This was primarily a result of strong volume growth across both generics and biosimilars, the acquisition of Mycamine[®] in the prior year and favorable price dynamics.

GUIDANCE 2024

The company reiterates its full-year 2024 guidance, expecting net sales to grow mid-single digit in constant currencies versus prior year and core EBITDA margin around 20%.

FIRST QUARTER STRATEGIC MILESTONES

On January 31, we announced the launch of Tyruko[®] in Germany. Developed by Polpharma Biologics, Tyruko[®] is the first and only biosimilar to treat relapsing remitting multiple sclerosis. The availability of Tyruko[®] is a crucial milestone in improving access to effective and safe therapies for those in Europe that need them most.

On March 4, we announced the completion of the US biosimilar CIMERLI[®] acquisition from Coherus BioSciences, Inc, ahead of anticipated timelines. The acquisition builds on the leading Sandoz ophthalmic platform in the US and lays an even stronger foundation for future product launches.

On March 5, we announced that Remco Steenbergen, currently a Sandoz Board member, will become a member of the Executive Committee and take on the responsibility of Sandoz CFO as of July 1, 2024. Remco will succeed Colin Bond who will step down from his position as of June 30, 2024, and retire in January 2025 per Swiss employment practice. Colin will be available for transition as a senior advisor through the end of 2024.

On March 5, we also announced that the US Food and Drug Administration (FDA) approved Wyost[®] (denosumab-bbdz) and Jubbonti[®] (denosumab-bbdz), the first and only FDA-approved denosumab biosimilars, to treat all indications of the reference medicines including osteoporosis and cancer-related skeletal events.

KEY LINKS

[Webcast](#) – Live at 9am CET

[Analyst Call Presentation](#)

[Analyst Consensus](#)

NON-IFRS MEASURES IN THIS DOCUMENT AS DEFINED BY SANDOZ

Sandoz uses certain non-IFRS metrics when measuring performance, especially when measuring current period results against prior periods, including core results, constant currencies and free cash flow. Despite the use of these measures by management in setting goals and measuring Sandoz performance, these are non-IFRS measures that have no standardized meaning prescribed by IFRS Accounting Standards. As a result, such measures have limits in their usefulness to investors. Because of their non-standardized definitions, the non-IFRS measures (unlike IFRS measures) may not be comparable to the calculation of similar measures of other companies. These non-IFRS measures are presented solely to permit investors to more fully understand how Sandoz management assesses underlying performance. These non-IFRS measures are not, and should not be viewed as, a substitute for IFRS measures, and should be viewed in conjunction with IFRS financials. As an internal measure of Group performance, these non-IFRS measures have limitations, and Sandoz performance management process is not solely restricted to these metrics.

The definitions of the non-IFRS financial metrics as used by Sandoz are as follows:

Core results

Sandoz core results – including core EBITDA, core operating income, core net income and core earnings per share – exclude fully:

- The amortization and impairment charges of intangible assets other than software;
- Net gains and losses on fund investments and equity securities valued at fair value through profit and loss;
- Certain acquisition and divestment- related items;
- Tax liabilities for uncertain tax positions.

The following items that exceed a threshold of USD 25 million are also excluded:

- Integration- and divestment- related income and expenses;
- Divestment gains and losses;
- Restructuring charges/releases and related items;
- Legal related items;
- Impairments of property, plant and equipment, software and financial assets;
- And income and expense items that management deems exceptional and that are or are expected to accumulate within the year to be over a USD 25 million threshold. Income tax impacts of such items are also excluded from core measures.

Sandoz believes that investor understanding of its performance is enhanced by disclosing core measures of performance because, since core measures exclude items that can vary significantly from year to year, they enable a better comparison of business performance across years. For this same reason, Sandoz uses these core measures in addition to IFRS and other measures as important factors in assessing its performance.

The following are examples of how these core measures are utilized:

- In addition to monthly reports containing financial information prepared under IFRS, senior management receives a monthly analysis incorporating these core measures;
- Annual budgets are prepared for both IFRS and core measures.

As an internal measure of Sandoz performance, the core results measures have limitations, and the Sandoz performance management process is not solely restricted to these metrics.

A limitation of the core results measures is that they provide a view of the Sandoz operations without including all events during a period, such as the effects of an acquisition, divestment, or amortization/impairments of purchased intangible assets, impairments to property, plant and equipment and restructurings and related items.

Constant currencies

Changes in the relative values of non-US currencies to the US dollar can affect Sandoz financial results and financial position. To provide additional information that may be useful to investors, including changes in sales volume, Sandoz presents information about its net sales and various values relating to operating and net income that are adjusted for such foreign currency effects. Constant currency calculations have the goal of eliminating two exchange rate effects so that an estimate can be made of underlying changes in the consolidated income statement excluding the impact of fluctuations in exchange rates:

- The impact of translating the income statements of consolidated entities from their non-USD functional currencies to USD;
- The impact of exchange rate movements on the major transactions of consolidated entities performed in currencies other than their functional currency.

Sandoz calculates constant currency measures by translating the current year's foreign currency values for sales and other income statement items into USD (excluding the IAS 29 "Financial Reporting in Hyperinflationary Economies" adjustments to the local currency income statements of subsidiaries operating in hyperinflationary economies), using the average exchange rates from the prior year and comparing them to the prior year values in USD. Sandoz uses these constant currency measures in evaluating its performance, since they may assist the Group in evaluating its ongoing performance from year to year. However, in performing its evaluation, Sandoz also considers equivalent measures of performance that are not affected by changes in the relative value of currencies.

EBITDA

Sandoz defines earnings before interest, tax, depreciation, and amortization (EBITDA) as operating income, excluding depreciation of property, plant and equipment and right-of-use assets, amortization of intangible assets, impairments of property, plant and equipment, right-of-use assets, and intangible assets.

Core EBITDA margin

Sandoz defines core EBITDA margin as the percentage of core EBITDA over net sales to third parties. It is an indicator to measure the profitability of the Group.

Currencies

References to "USD" or "U.S. dollars" are to the lawful currency of the United States of America.

Rounding

Certain figures contained in the media release, including financial information presented in millions or thousands, certain operating data and percentages describing financial information or market shares, have been subject to rounding. Accordingly, in certain instances, the amounts shown as totals in tables or elsewhere may not conform exactly to the arithmetic total of the figures that precede them. In addition, certain percentages reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

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DISCLAIMER

This Media Release contains forward-looking statements, which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside of the control of Sandoz. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. Each forward-looking statement speaks only as of the date of the particular statement, and Sandoz undertakes no obligation to publicly update or revise any forward-looking statements, except as required by law.

ABOUT SANDOZ

Sandoz (SIX: SDZ; OTCQX: SDZNY) is the global leader in generic and biosimilar medicines, with a growth strategy driven by its Purpose: pioneering access for patients. More than 20,000 people of more than 100 nationalities work together to ensure 800 million patient treatments are provided annually by Sandoz, generating substantial global healthcare savings and an even larger social impact. Its leading portfolio of approximately 1500 products addresses diseases from the common cold to cancer. Headquartered in Basel, Switzerland, Sandoz traces its heritage back to 1886. Its history of breakthroughs includes Calcium Sandoz in 1929, the world's first oral penicillin in 1951, and the first biosimilar in 2006.

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SUPPORTING FINANCIAL INFORMATION

Quarterly sales

Q1 2024

USD millions unless indicated otherwise	Q1 2024	Change %	
		USD	cc
Generics	1 869	0	1
Biosimilars	623	21	21
Net sales to third parties	2 492	5	6
Europe	1 326	4	2
North America	524	6	6
International	642	4	12
Net sales to third parties	2 492	5	6

FY 2023

USD millions unless indicated otherwise	Q1 2023	Change %		Q2 2023	Change %		Q3 2023	Change %		Q4 2023	Change %	
		USD	cc		USD	cc		USD	cc		USD	cc
Generics	1 868	2	6	1 850	4	6	1 794	5	4	1 920	6	6
Biosimilars	516	11	17	533	13	14	543	7	4	623	29	26
Net sales to third parties	2 384	4	9	2 383	5	8	2 337	6	4	2 543	11	10
Europe	1 270	10	16	1 277	14	12	1 204	11	3	1 272	10	4
North America	496	(5)	(3)	508	(4)	(2)	510	(4)	(3)	615	20	20
International	618	(1)	4	598	(3)	8	623	3	12	656	4	14
Net sales to third parties	2 384	4	9	2 383	5	8	2 337	6	4	2 543	11	10